



Bethlehem Copper Corporation Ltd.  
Nineteenth Annual Report, 1973



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## **“No man is an island, complete unto himself.”**

*(John Donne, 1573-1631)*

Where other prospectors looked and saw uneconomic low grade ore, Spud looked and envisioned the low grade ore being processed in such volume that the meagre copper content must accumulate to an economic yield. He would wring from the reluctant ore the copper that would make Bethlehem a successfully producing mine.

For Spud Huestis and the development of his mine, the time had come to seek assistance. That assistance came from his friend and financial advisor, Patrick M. Reynolds.

Pat Reynolds was a chartered accountant. His business had brought about his first meeting with Spud; it also had brought him into close contact with the financial world. The friendship and mutual confidence of these two men from widely different areas of interest was a powerful influence in the drive toward successful development of their potential mine. To their own resources was added the financial assistance of lumberman John A. McLallen. Thus was formed the founding partnership that established the Bethlehem Copper Corporation Ltd. in 1955.

### **Economic Impact**

*of Bethlehem's operations in the period  
December 1, 1962 to December 31, 1973*

Export sales .....	(U.S.) \$ 224.0 Million
Salaries and wages paid .....	\$ 29.0 Million
Supplies and services purchased .....	\$ 77.3 Million
Capital expenditures .....	\$ 27.9 Million
Exploration and development .....	\$ 11.9 Million
Direct taxes paid by Company .....	\$ 41.6 Million
Employee income taxes .....	\$ 6.0 Million
Dividends paid to shareholders .....	\$ 28.1 Million



## Corporate Information

### Directors

NILS SVEN ERSMAN, Stockholm  
Member of the Board, Gränges AB

JOHN A. McLALLEN, Vancouver  
Managing Director of Capilano Timber Co. Ltd.

WILLIAM H. McLALLEN, JR., Vancouver  
Secretary of Capilano Timber Co. Ltd.

PLATO MALOZEMOFF, New York  
President and Chairman of the Board of  
Newmont Mining Corporation

HUGH A. MARTIN, Vancouver  
President of Western Construction &  
Engineering Research Ltd.

THE HON. JOHN L. NICHOL, Vancouver  
President of Springfield Investment Co. Ltd.

KUNIO OHTA, Tokyo  
Adviser to the President  
of Sumitomo Shoji Kaisha Ltd.

GÖRAN PHILIPSON, Stockholm  
Senior Vice-President of Gränges AB

BRYAN J. REYNOLDS, Vancouver  
Partner, Lawrence & Shaw,  
Barristers and Solicitors

PATRICK M. REYNOLDS, Vancouver  
President and Chief Executive Officer of  
Bethlehem Copper Corporation Ltd.

ALAN G. THOMPSON, Winnipeg  
Managing Partner of Richardson  
Securities of Canada

JACK E. THOMPSON, New York  
Executive Vice-President and Director  
of Newmont Mining Corporation

### Officers

JOHN A. McLALLEN, Chairman of the Board

PATRICK M. REYNOLDS, President and  
Chief Executive Officer

KEITH E. STEEVES, C.A., Treasurer

DONALD W. J. SPECHT, LL.B., Secretary

RICHARD A. MUNDIE, C.A., Assistant Treasurer

### Audit Committee

HUGH A. MARTIN, Chairman

BRYAN J. REYNOLDS

ALAN G. THOMPSON

### Honorary Positions

HERMAN H. HUESTIS, Honorary Vice-Chairman

RICHARD F. DOOLEY, Honorary Vice-President

### Vice-Presidents

HENRY G. EWANCHUK, Assistant to the President

THOMAS P. LISS, Operations

KEITH E. STEEVES, Finance



JOHN A. McLALLE  
Chairman of the Bo

### Exchange Listings

Vancouver, Toronto and Montreal Stock Exchanges

### Registrar

Guaranty Trust Company of Canada, Vancouver

### Transfer Agents

Guaranty Trust Company of Canada  
Vancouver, Calgary, Regina and Toronto, Canada  
Registrar and Transfer Company  
Jersey City, New Jersey, U.S.A.

### Bank

Bank of Montreal, Vancouver and Ashcroft, B.C.

### Auditors

Arthur Andersen & Co., Vancouver

### Solicitors

Lawrence & Shaw, Vancouver

### Offices

Head Office:  
#2100-1055 West Hastings Street, Vancouver B.C.  
V6E 2H8

Mine Office:  
P.O. Box 520, Ashcroft, B.C. V0K 1A0

### Annual Meeting

The Annual General Meeting of Bethlehem Copper Corporation Ltd. will be held on Thursday, June 13th, 1974 at 10:30 a.m. at the mine premises approximately 28 miles southeast of Ashcroft, British Columbia, Canada.



## The Year at a Glance

Net earnings .....	\$ 16,964,033
Shares Issued .....	6,422,897
Income per share .....	\$ 2.64
Dividends declared .....	\$ 4,491,168
Dividends per share .....	70¢
Tons milled .....	6,339,122
Revenue per ton milled .....	\$ 7.84
Direct cost per ton milled .....	\$ 2.39
Pounds copper produced .....	67,086,192
Employees .....	390
Total company payroll .....	\$ 5,076,718
Capital expenditures .....	\$ 936,554
Exploration and development .....	\$ 1,801,834
Direct taxes paid .....	\$ 15,115,345
Working capital .....	\$ 51,397,445

### Ore Reserves:

PROVEN (tons)	
Available to present mill .....	60,900,000
Ore grade - % Cu. ....	0.47
J-A zone project .....	286,280,000
Ore grade - % Cu. ....	0.43
% Mo. ....	.017
Lake zone project .....	190,000,000
Ore grade - % Cu. ....	0.48
DRILL INDICATED (tons)	
Maggie ore zone .....	200,000,000
Ore grade - % Cu. equivalent .....	0.40

Valuation Day Price - \$18 per share

## Report to the Shareholders

After providing \$14,853,861 for income and mining taxes, net earnings for the year amounted to \$16,964,033, being \$2.64 per share compared to 79¢ per share earned last year. In 1972 Bethlehem capitalized the exploration costs incurred on the J-A zone. Because of delays in the development of the zone, these costs, amounting to \$2,192,168 net of taxes, were written off as an extraordinary charge to income in 1973. If the J-A costs had not been written off, the net earnings would have been \$2.98 per share.

Our sales of copper are based upon prices posted on the London Metal Exchange, which averaged 80¢ per pound in 1973 compared to 51¢ and 48¢ in 1971 and 1972 respectively.

Your management is gravely concerned over the rapidly accelerating increases in the cost of supplies, fuel, labor, capital replacements and smelter charges, compounded by serious shortages resulting in delayed deliveries of equipment and supplies. A new and disturbing element of cost will be effective in 1974 through the application of the Mineral Land Tax Act, and the proposals contained in the Mineral Royalties Act which was introduced in the British Columbia Legislature in February this year. The wording of these Acts does not permit precise interpretation but it appears certain that the mining industry in British Columbia will bear a tax load higher than the industry bears in other parts of Canada, or for that matter, if passed in its proposed form, higher than in any other part of the world. The potential consequence of the Mineral Land Tax Act and the proposed Mineral Royalties Act may very well make the development of our J-A and Maggie orebodies uneconomic.

### Ore Reserves

Ore reserves are summarized on page 3 of this report. A year ago we reported ore readily available to the present mill at 38,500,000 tons grading 0.56% Cu. Our present rate of production consumes about 6,500,000 tons annually. Two occurrences in the past year have increased these reserves -

Firstly, diamond drilling has proven an extension to the south of the Jersey mine, containing approximately 31 million tons of ore, grading 0.46% Cu.

Secondly, the Iona is carried in our reserves at 10 million tons. A drilling program now in progress indicates that this tonnage will be substantially increased. Hopefully by the date of our Annual Shareholders Meeting on June 13th, we will have sufficient drill data to determine the increased tonnage.

The ore reserves in the Lake zone, J-A and Maggie orebodies remain as reported a year ago.

### Lake Zone Orebody

This orebody, located approximately 2 miles to the southwest of our mill in Highland Valley, is owned 80% by Valley Copper Mines Ltd. and 20% by Bethlehem. Bethlehem also has a 2½% royalty interest in about 75% of Valley Copper's portion of the orebody and owns 5.13% of the issued shares of Valley. Cominco Ltd. controls Valley through its ownership of almost 7 million shares of 10 million outstanding.

Bethlehem remains ready to proceed with the development of this orebody and to provide its share of the money whenever Valley makes a production decision.

### Other Orebodies

Only a limited amount of work was done on the J-A and Maggie orebodies during the year. The development of these is being delayed until a decision is made with respect to the Lake zone. (Note: see site plan on page 10 for location of the J-A zone. The Maggie orebody is located about 9 miles north of Cache Creek in British Columbia and may be located by reference to the map on the inside back cover).

### Exploration

In addition to the continuing exploration on our property in Highland Valley, Bethlehem will conduct an active outside exploration program in 1974. Present plans involve work in the Northwest Territories, Ontario, Quebec, New Brunswick, Newfoundland and in Ireland. In the event of any major discovery special interim reports will be mailed to shareholders.

In our report last year we made reference to Bethlehem's participation in a natural gas test well being drilled in the Bowser Basin in northwestern British Columbia. Unfortunately, the test was not successful.

### Capital Expenditures

Discovery of the extension to the Jersey pit makes it necessary to remove the pit service shop from its present location. A new shop is being built to accommodate the larger vehicles which have been ordered to replace equipment which through normal attrition must soon be retired. The cost of the new shop is estimated at about \$3,000,000 and the new equipment at \$4,000,000.



### Smelter Study

Bethlehem's management, assisted by consultants, continues its research into developing techniques and processes of mineral extraction. Control and disposition of sulphur and other byproducts are important parts of this research, and Bethlehem has requested the Provincial Government to publish its guidelines in respect of emission controls at the earliest possible date. In Bethlehem's opinion, rapidly escalating smelter charges and uncertainties as to smelter capacities make consideration of a British Columbia smelter a matter of growing importance.

### Frio Oil Ltd.

Ventures West Capital Ltd., a venture capital firm, recently purchased shares of Frio thereby providing to the Frio treasury \$400,000. As a result, Bethlehem's interest in Frio is reduced from 55% to 50%. Shareholders of Ventures West include Canada Development Corporation, Bank of British Columbia, Bank of Tokyo, Guaranty Trust Company of Canada, Mitsubishi Canada Ltd., Mitsui & Co. (Canada) Ltd., and others.

Frio's land acquisition and exploration are financed principally by El Can Petroleum Company, a wholly-owned subsidiary of El Paso Natural Gas. Frio's contract with El Can was extended for three years from its original expiry date on May 31st, 1973. The amended agreement provides for El Can to increase its annual overhead contribution by \$35,000 to \$180,000. Frio retains its 20% right to all projects acquired under the initial agreement but its carried interest in new acquisitions is reduced to 12½%, the remaining 7½% being a participating interest. As in the case of the first agreement, Frio must contribute its full share of the cost after a property has been acquired and the first well is drilled on that property. Land inventory, all located in Alberta and northeastern British Columbia totals 950,323 gross acres with a net interest to Frio of 115,565 acres. In addition, Frio has a royalty interest in 63,640 acres (see map on inside of back cover).

Frio has made a gas discovery in the Petitot area of northeastern British Columbia. We anticipate that the production from this discovery will be connected to a gas line in late 1974. An extensive seismic program is in progress over several properties and three exploratory wells are planned.



### Annual Report Awards

Our annual reports are produced under the supervision of our Manager of Community Relations, Mr. James C. Greer, who also publishes the employees' bi-monthly newsletter "The Conveyor". Our annual report won the Financial Post award as Canada's top mining report for 1971 and in 1972 placed second. In addition it placed second in its class in the Financial World's International Competition for 1972.

### Labor Agreement

Bethlehem's employees are represented by the Canadian Association of Industrial Mechanical and Allied Workers with whom we have an agreement extending to June 30th, 1975.

### Acknowledgment

I extend to all our employees our sincere appreciation for their support and dedication in the continuing success and growth of our company.

On Behalf of the Board,

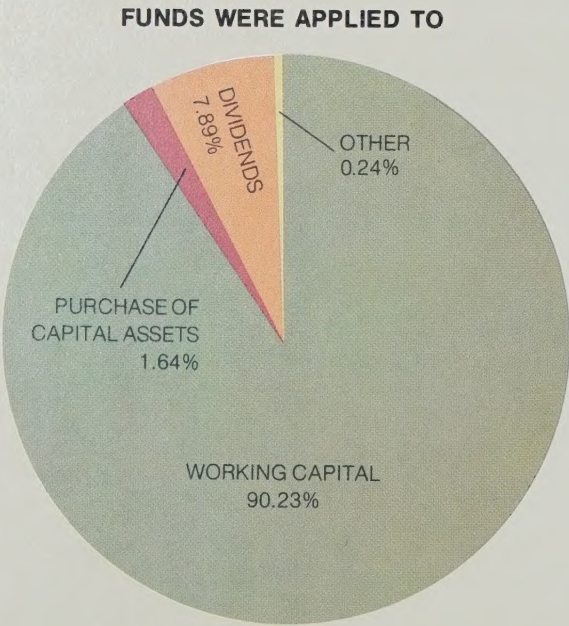
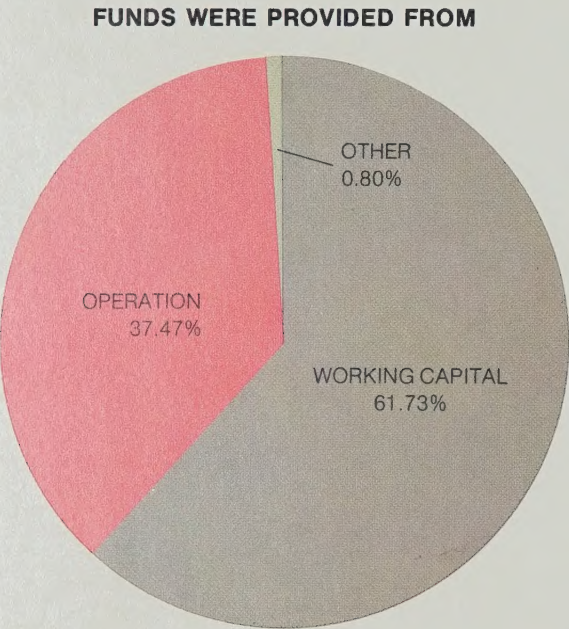
April 8th, 1974

PATRICK M. REYNOLDS  
President and Chief Executive Officer



Highlights in Graph Form

WORKING CAPITAL  
in millions of dollars



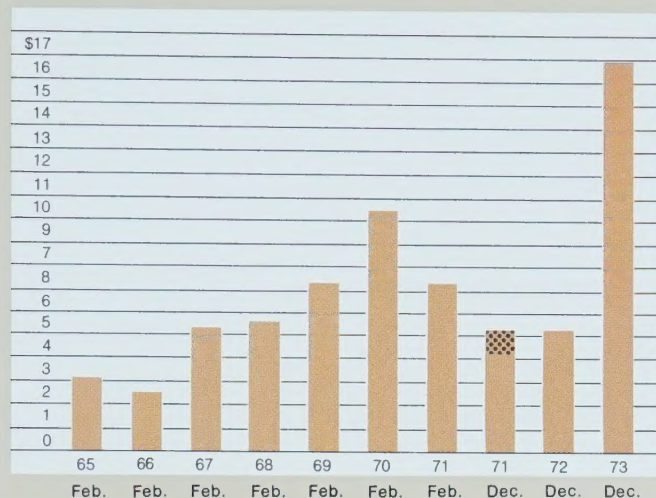




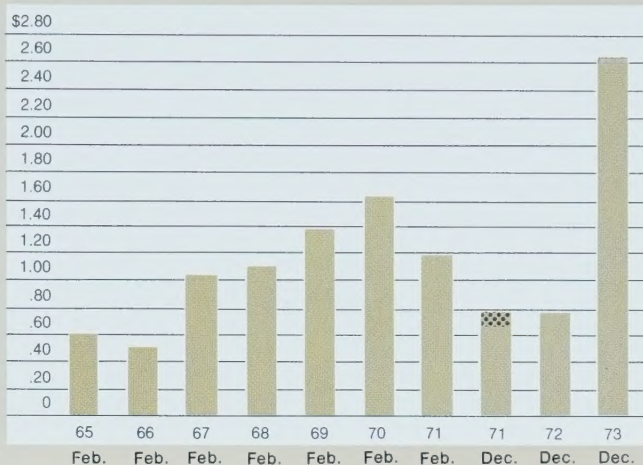
Shaded sections of 1971 graphs indicate an estimate to complete a 12-month fiscal year, for purposes of comparison with other years.

## NET INCOME

in millions of dollars

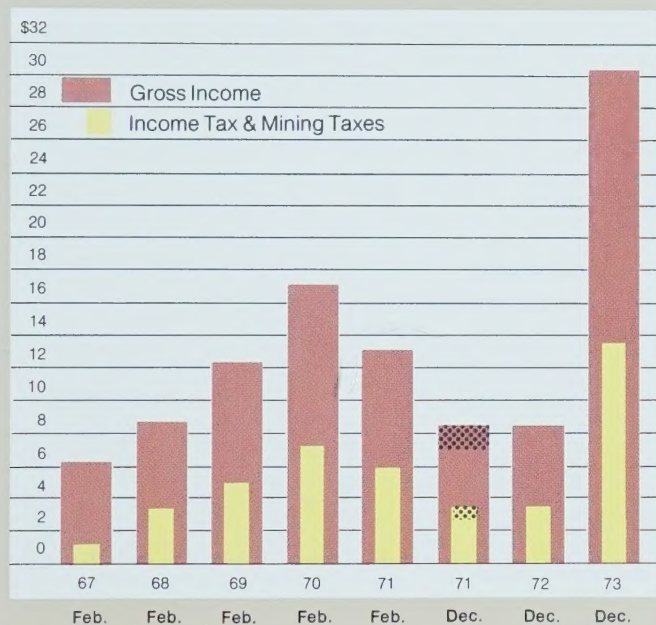


## EARNINGS PER SHARE



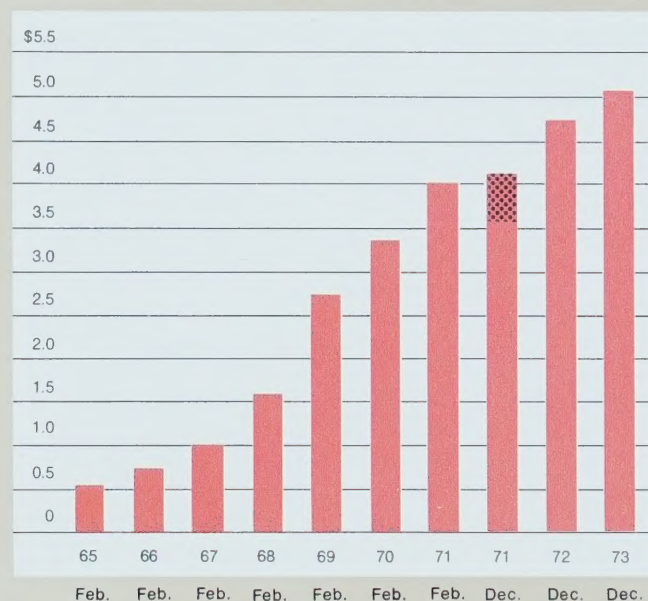
## GROSS INCOME AND TAXES

in millions of dollars



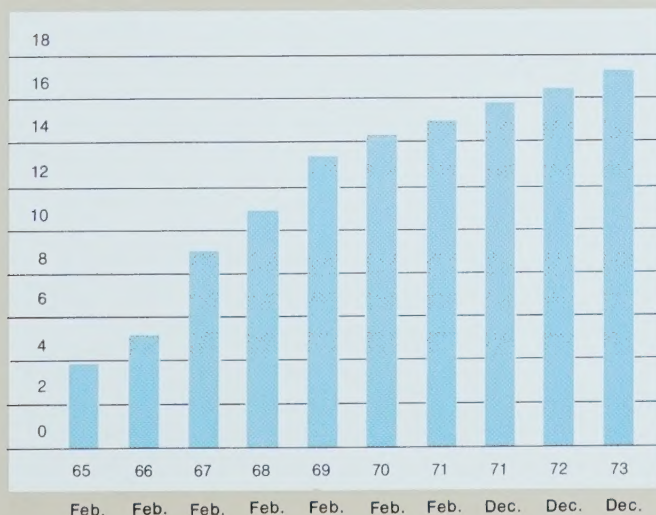
## PAYROLL

in millions of dollars



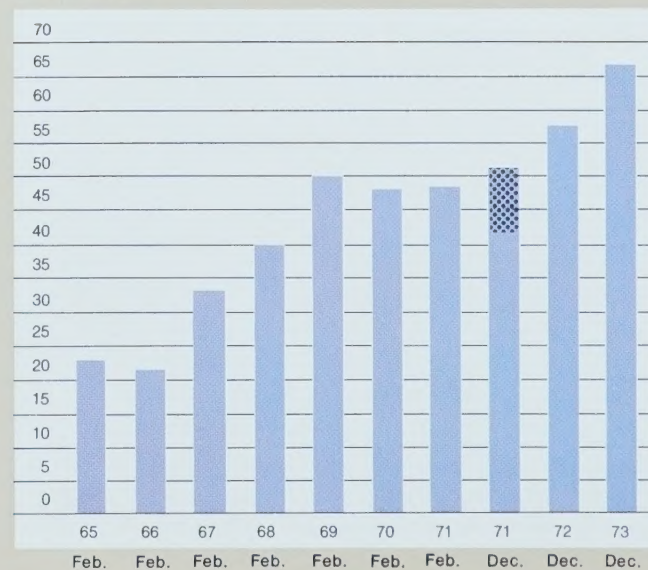
## AVERAGE TONS ORE PROCESSED PER DAY

in thousands



## POUNDS COPPER PRODUCED

in millions









## General Manager's Report

I am pleased to submit a review of the 1973 operations of the Highland Valley Division.

### Production

A record average of 17,367 dry tons of ore per calendar day was processed through our mill for a total of 6,339,122 tons for the year. Concentrates produced assayed an average of 31.80% copper and contained 67,086,192 pounds of metal.

### Cost of Production

Direct cost per ton of ore mined and milled amounted to \$2.39 and depreciation of plant and mine equipment amounted to 31¢ for a total cost at the mine of \$2.70 per ton. Spiralling cost of materials and supplies is our chief cause of concern.

### Mining

During 1973 the Huestis mine was our main source of ore. In his report, our President has advised you of the successful diamond drilling of the Jersey mine extension. In the last quarter of the year some ore was mined from the Jersey and development of the Iona orebody commenced. A small quantity of ore from both these sources was processed through the mill. During the year 14,599,566 tons of waste was removed from the three zones resulting in an average waste to ore ratio of 2.3 to 1.

We have experienced some movement on the southeast wall of the Huestis pit and have undertaken a stabilization program. This will require moving approximately 3,000,000 tons of waste.

Because of the increase in copper prices in 1973 we made an economic re-evaluation of the ore reserves and as a consequence reduced the cut-off grade (the point at which we differentiate waste from ore) from 0.35% to 0.25% copper. This increased our reserves by 5,000,000 tons in the Huestis mine but lowered the grade of the remaining reserves in that pit to 0.47% copper.

### Plant Operations

This was the first full year of operation of the pebble mills which were installed in 1972. They performed with gratifying efficiency. The records set in tonnage treated and in metal recovery rate of 88.03% were in large measure a result of this installation. Mill operating time of 98% was realized.



### Personnel and Safety

Although there was an apparent increase in turnover experienced in the industry, we were fortunate in maintaining our own workforce at a high standard of stability.

Emphasis on safe working conditions and practices continued to receive high priority.

### Future Plans

The success of the exploration program in the vicinity of our mill has increased the available ore reserves. We are now investigating ways to expand our mill capacity by 4,000 to 5,000 tons per day with built-in services to add a like amount at a later date. This study should be completed by mid-year and will be presented to the Directors for their consideration. In order to maintain copper production at the present rate it will be necessary to increase the throughput of mill feed which, due to lowered cut-off grade, will have a reduced copper content.

### Acknowledgment

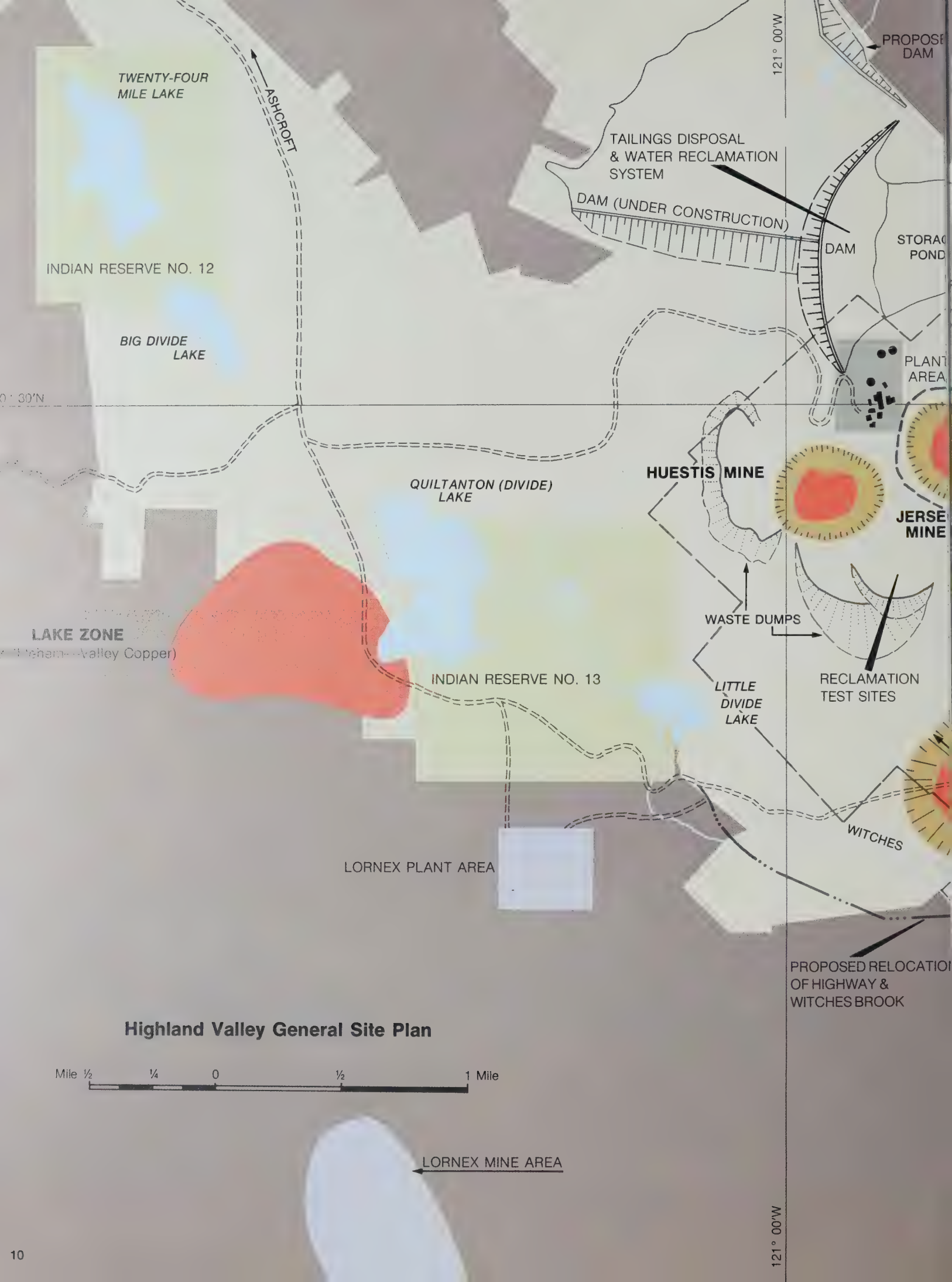
I wish to take this opportunity to convey the sincere appreciation of the supervisory staff to all employees of the Highland Valley division for their continued cooperation.

A handwritten signature in dark ink, appearing to read "Thomas Liss".

April 8th, 1974

THOMAS P. LISS, B.Sc.  
Vice-President, Operations  
General Manager, Highland Valley Operations





### Highland Valley General Site Plan

Mile 1/2 1/4 0 1/2 1 Mile

LORNX MINE AREA









## Reappraisal of the Iona Zone

by Henry G. Ewanchuk, B.Sc., P. Geol., P. Eng.  
Vice-President, Exploration

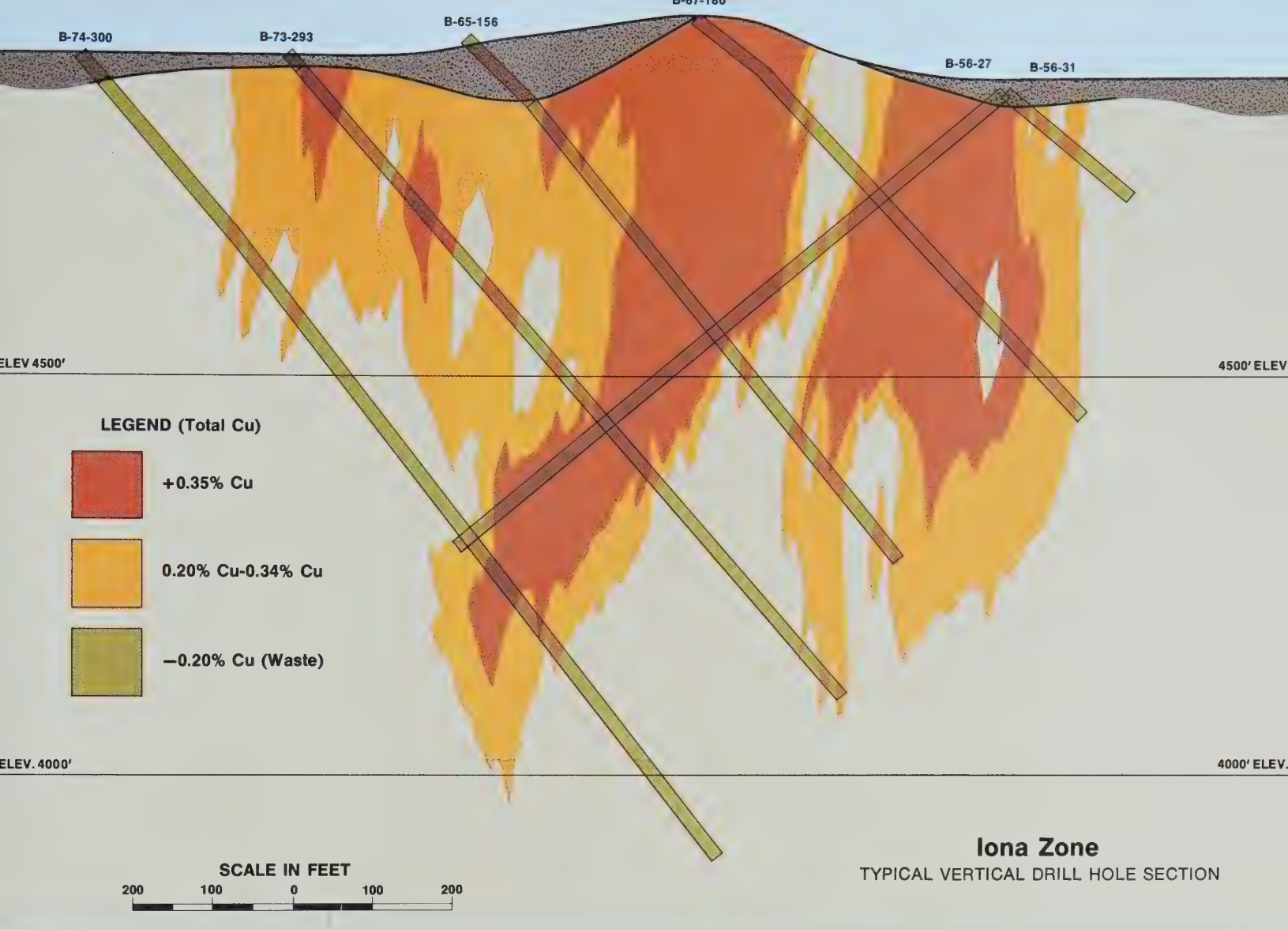
In 1955 when development of Bethlehem's Highland Valley property began, the Iona zone was one of the primary areas tested. Diamond drill holes B-1 and 2 were completed and encouraging results were obtained. Subsequent drilling outlined a mineralized zone but the copper content was insufficient to warrant economic development. At the same time, excellent results from the Jersey zone persisted and, finally, exciting assays from the East Jersey zone pushed the Iona zone from prominence. Eventually, the East Jersey was developed into a mine and it was followed by the Jersey and Huestis mines.

Little exploration was done in the Iona zone in the period from 1967 to 1973 and it was considered as a minor source of potential ore with reserves at 10,000,000 tons of 0.50 copper grade.

Mining techniques have improved in recent years and economics have, in many instances, changed to mineable ore that which was previously considered waste. During 1973 rising copper prices encouraged a re-evaluation of ore reserves and cut-off grades and in September, management proposed a close reappraisal of the Iona zone. A new estimate of reserves, based on a cut-off grade of 0.20% copper, was made and preliminary figures indicated 20,000,000 tons of 0.40% with a correspondingly greater geologic ore inference. At the October Directors' Meeting, funds were allocated to finance a program of diamond and percussion drilling in the Iona zone and adjacent areas. The project commenced in late November and drilling is continuing. To date 26,500 feet of diamond drilling and 18,000 feet of percussion drilling have been completed. Results tend to confirm the presence of a relatively large low grade deposit.

In estimating tonnage, assay results from the diamond drill core and percussion samples are plotted on vertical sections which run through the zone at 100 foot intervals and these





*Comparative dimensions of  
a cross section of the orebody  
using 0.20% and 0.35% cut-off grades*

sections can be used to determine the geologic structure of the orebody. Information to date indicates a complex geologic structure of near vertical high grade fault zones surrounding a more consistently mineralized area. Assays near the surface have revealed sporadic occurrences of oxidized ore in minor amounts which will have a bearing on tonnage calculations because the Bethlehem flotation mill is not designed to recover oxide copper.

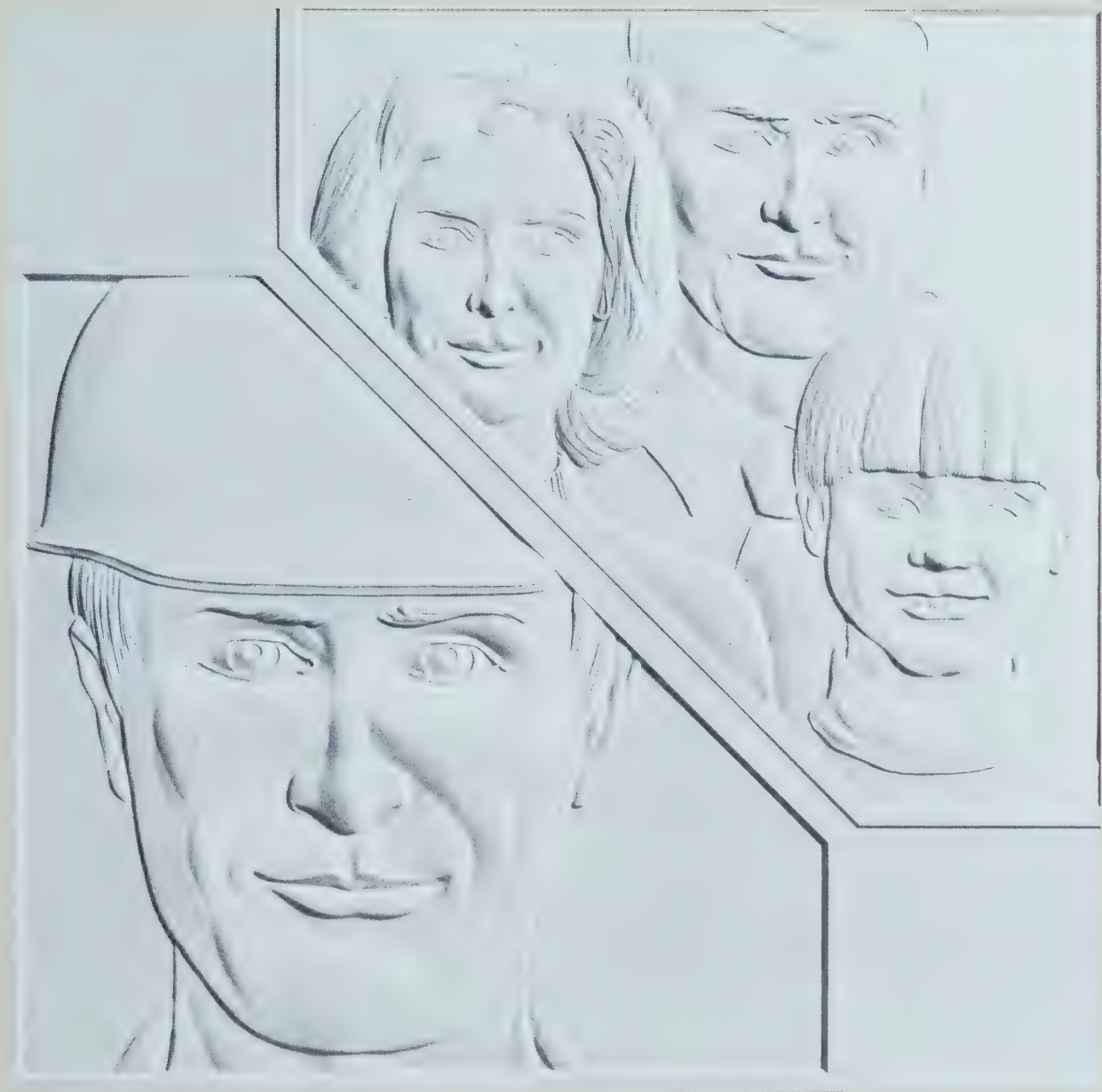
The purpose of any drilling program is to estimate the reserves of available ore. Calculations are complicated by the degree of certainty which is placed on the presence of ore grade material. In other words, a problem always exists as to the area of influence to be applied to each individual hole and also to the possible extension of indicated ore trends.

Mineable reserves in the Iona should be established by mid-year. Metallurgical testing is being carried out to establish the milling characteristics of the ore. When the drilling and metallurgical testing programs are completed, mining plans will be developed including open pit designs. All these matters will be evaluated, along with metal prices, taxation statutes and production costs, before a final decision can be made to develop the zone for mining.









**“The Backbone of any Successful Enterprise”**

*An Editorial by James C. Greer, CPRS Acc.  
Manager, Community Relations*



*Mill Superintendent Cecil Bradley on the job and in conversation with a young friend*



*Mine Mechanical Superintendent Gordon Kynoch on the job and involved in home gardening*



Current and potential profit, political and economic influences, technology, market trends and other factors affecting a company's opportunities for growth are subjects for focus in the content of the traditional corporate annual report. These are the subjects which receive repeated coverage . . . as indeed they should!

There is, however, another factor vital to any company in its drive to achieve fullest success: the people who carry out the day-to-day functions of the company's productive operations. This vital factor embodies skills and experience responsibly applied to create a product which will have every possible chance in competition for markets.





*Chief Surveyor Lawrence Stout on the job and loading up for weekend camping*



*Mill Mechanical Foreman Earl Wilton on the job and fishing on a Highland Valley lake*

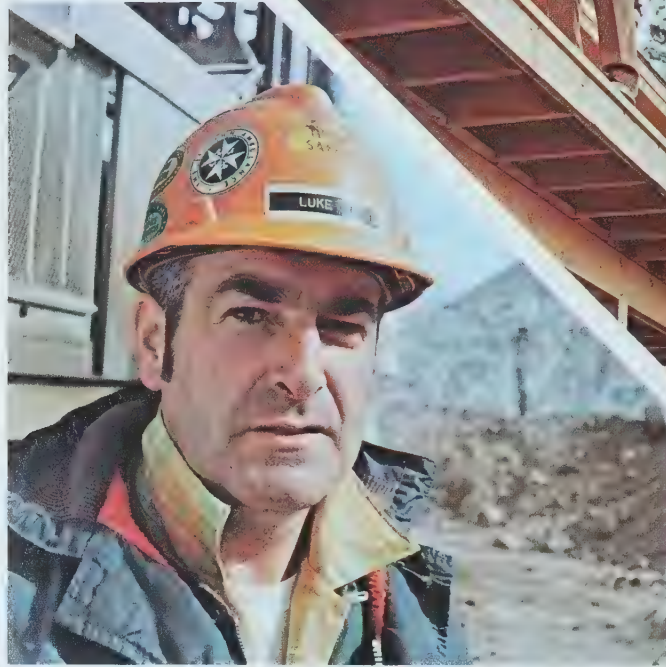


Prominent among the skilled people who can help a company in its thrust for success are the long service employees. Theirs is a particularly significant contribution. Many of them have reached instructional or supervisory positions and have, therefore, assumed responsibility for the work of others. By their own example, these men guide the application of the valuable skills of those who come under their supervision. They influence the general attitude of the entire workforce. Their example, in itself, can be a source in establishing and maintaining a high productive output and is impetus to a company's successful economic growth.

Bethlehem, like many other successful companies, has its valuable long service supervisory people



*Assistant Mine Superintendent Luke Kirby on the job and building a new home*



*Mill Mechanical Superintendent Ivan Fredrickson on the job and in the vegetable patch*



within the workforce. It is a tribute to these people, as well as background information for shareholders and others, that this commentary is written.

The photographs illustrating these pages typify the Bethlehem group . . . on and off the job.

Perhaps the most singular common characteristic of the supervisory group is their positive attitude. And from this attitude stems a stability, a sense of responsibility and an outflowing influence for accomplishment. These are the men who, at a dinner for long service employees last November, were described by Bethlehem's President, Mr. P. M. Reynolds, as: "the backbone of any successful enterprise".





*Surface Foreman Murray Woodward on the job and baiting for Thompson River steelhead*

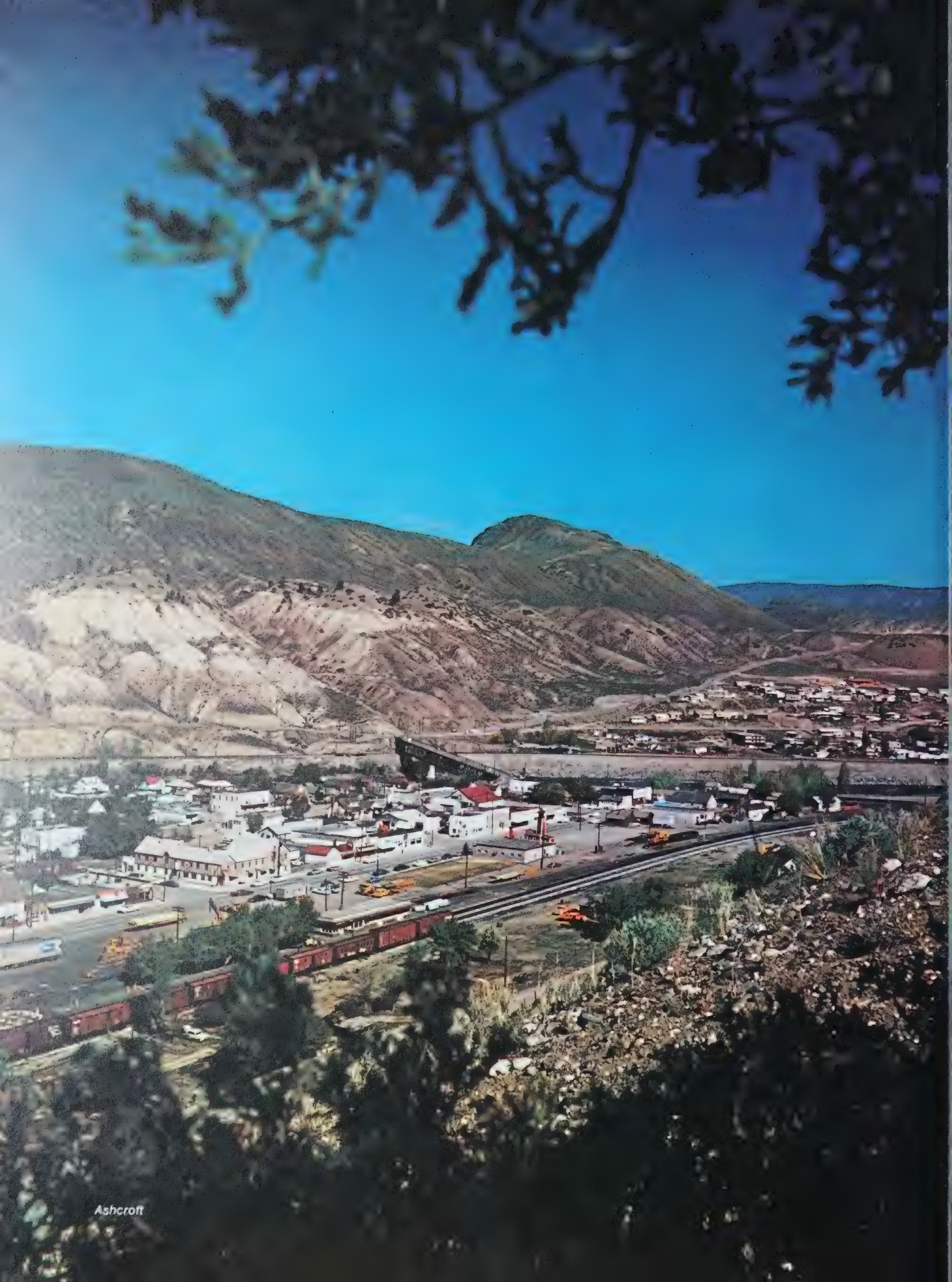


*Mill Crusher Foreman Robert Patenaude on the job and preparing for the Cariboo winter*

Thriving in a climate created by enlightened labor / management relations is the reciprocal loyalty that allows both man and company to plan for the future. And there is strength in this time-grown sense of security. Out of this security these men have built homes and have established themselves, and their families, in the fabric of their Highland Valley community. For them, the job provides a sound economic base for the well-being of the family; the family, in turn, provides a satisfying incentive to conscientiously carry out the everyday functions of the job. The intertwining personal and professional lives provide implicit benefit—to the man, to the family, to the community, and to the company.







Ashcroft



## Frio Oil Ltd.

Late in 1973, political and economic factors arising from Middle East hostilities forced the world, for the first time in its long history, to face the phenomenon of an "Energy Crisis". National self-sufficiency in energy sources was elevated to paramount priority.

In itself, Frio's single producing well may appear only as a minor contribution to the total national requirement. But it is a significant beginning . . . and the production from Frio's first well in the Petitot area of northeastern British Columbia will also be the beginning of that company's return on investment.

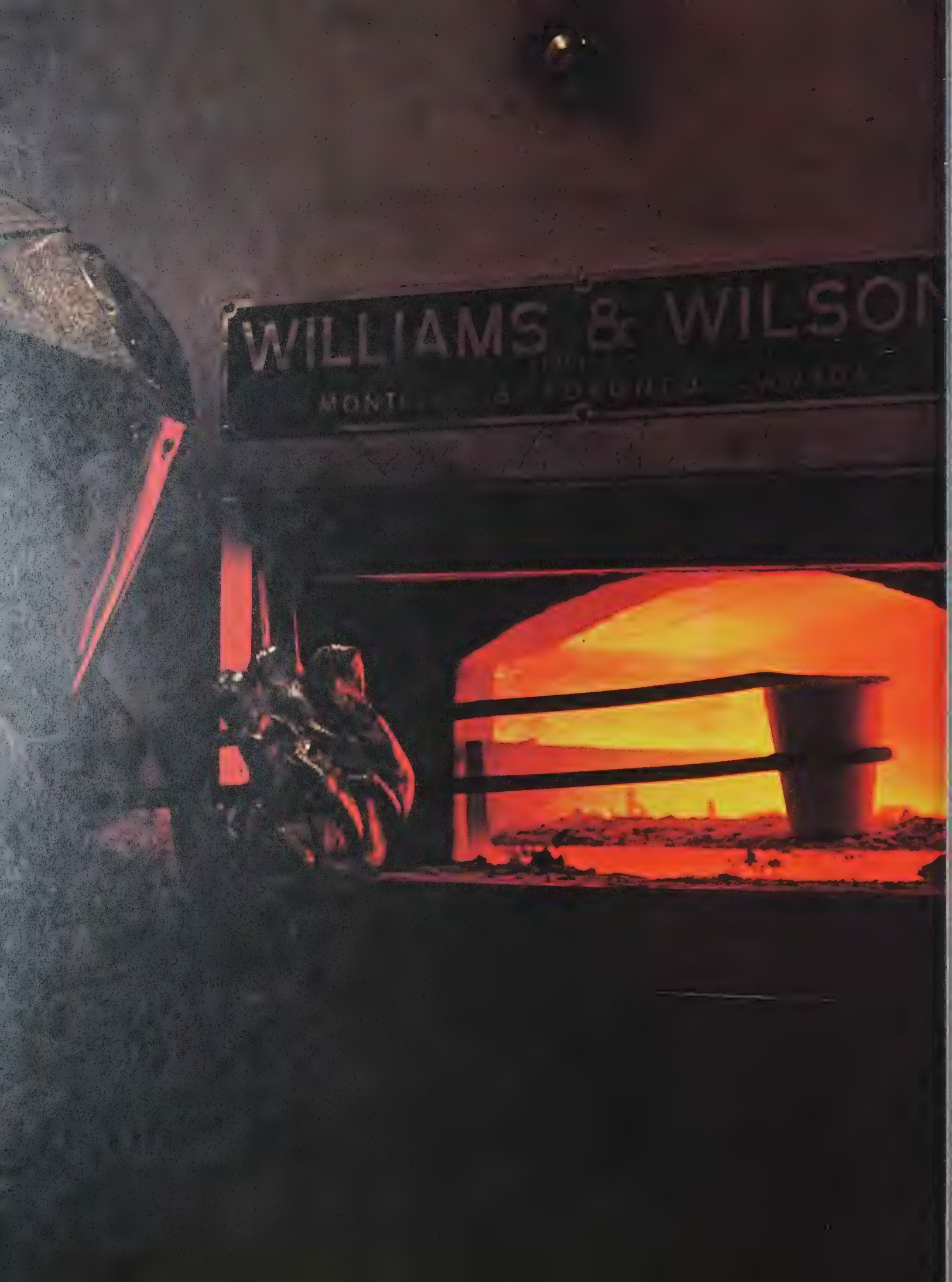
*Sample of drill core taken from the Devonian reef, formed in the geological period known as the "Age of Fish" and which began about 395 Million years ago*

*Gas flame from drill-stem test of a prospective well*





WILLIAMS & WILSON  
MONTREAL & PORTLAND CEMENT









## Consolidated Balance Sheet

December 31, 1973 and 1972

### ASSETS

#### Current Assets:

	1973	1972
Cash and short-term deposits .....	\$63,623,646	\$32,228,041
Accounts receivable.....	1,109,818	722,171
Income and mining taxes receivable .....	—	549,284
Inventories —		
Concentrates, at estimated net realizable value .....	1,921,175	3,555,200
Materials and supplies, at average cost .....	2,059,642	1,681,590
Prepaid expenses.....	16,596	87,108
Total current assets .....	\$68,730,877	\$38,823,394

#### Investments: (Note 3)

At cost (quoted market value 1973 — \$5,134,024		
1972 — \$4,648,689) .....	\$ 2,451,636	\$ 2,443,805

#### Capital Assets, at cost:

Buildings, equipment and roads .....	\$23,116,733	\$22,817,444
Less — Accumulated depreciation .....	9,218,076	7,472,803
	\$13,898,657	\$15,344,641
Mineral claims, petroleum and natural gas rights .....	783,938	840,887
Land.....	1,930,009	1,915,009
	\$16,612,604	\$18,100,537

#### Deferred Costs: (Note 1)

Exploration and development.....	\$ —	\$ 3,643,043
	\$87,795,117	\$63,010,779

On Behalf of the Board:

J. A. McLallen, Director

P. M. Reynolds, Director



## LIABILITIES AND SHAREHOLDERS' EQUITY

	1973	1972
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities .....	<b>\$ 2,802,198</b>	\$ 3,658,079
Income and mining taxes payable (Note 2) .....	<b>14,531,234</b>	—
Total current liabilities .....	<b>\$17,333,432</b>	\$ 3,658,079
 <b>Long-Term Liabilities</b> .....	 <b>\$ 535,340</b>	 \$ 622,633
 <b>Accumulated Provision for Future Income and Mining Taxes</b> .....	 <b>\$ 3,345,818</b>	 \$ 4,834,810
 <b>Shareholders' Equity:</b>		
Share capital (Note 4) —		
Authorized, 10,000,000 shares, 50¢ each par value;		
Outstanding, 1973 — 6,422,897 shares;		
1972 — 6,397,797 shares; .....	<b>\$ 3,211,449</b>	\$ 3,198,899
Contributed surplus .....	<b>24,176,866</b>	23,977,011
Retained earnings .....	<b>39,192,212</b>	26,719,347
	<b>\$66,580,527</b>	\$53,895,257
	 <b>\$87,795,117</b>	 \$63,010,779

The accompanying notes to consolidated financial statements  
are an integral part of this balance sheet.



## Consolidated Statement of Contributed Surplus

for the years ended December 31, 1973 and 1972

	1973	1972
Balance, beginning of year .....	<b>\$23,977,011</b>	\$23,795,786
Premium on issue of shares		
for cash .....	<b>160,105</b>	71,725
for petroleum properties .....	<b>39,750</b>	109,500
Balance, end of year .....	<b>\$24,176,866</b>	\$23,977,011

## Consolidated Statement of Retained Earnings

for the years ended December 31, 1973 and 1972

	1973	1972
Balance, beginning of year .....	<b>\$26,719,347</b>	\$25,515,160
Net earnings for the year .....	<b>16,964,033</b>	5,040,915
	<b>\$43,683,380</b>	\$30,556,075
Dividends (1973 — 70¢ per share; 1972 — 60¢ per share) .....	<b>4,491,168</b>	3,836,728
Balance, end of year .....	<b>\$39,192,212</b>	\$26,719,347

The accompanying notes to consolidated financial statements  
are an integral part of these statements.



## Consolidated Statement of Earnings

for the years ended December 31, 1973 and 1972

	1973	1972
Concentrate revenue .....	<b>\$49,712,284</b>	\$23,381,502
Production, administration, transportation and marketing costs .....	<b>\$15,147,856</b>	\$14,361,238
Depreciation .....	<b>1,967,050</b>	1,707,093
Exploration.....	<b>1,801,834</b>	455,635
	<b>\$18,916,740</b>	\$16,523,966
Earnings from operations .....	<b>\$30,795,544</b>	\$ 6,857,536
Interest income.....	<b>3,214,518</b>	1,967,251
Earnings before income and mining taxes.....	<b>\$34,010,062</b>	\$ 8,824,787
Provision for income and mining taxes .....	<b>14,853,861</b>	3,783,872
Earnings before extraordinary item .....	<b>\$19,156,201</b>	\$ 5,040,915
Write-off of exploration costs of the J-A Mine capitalized in 1972 (net of taxes) .....	<b>2,192,168</b>	—
NET EARNINGS	<b>\$16,964,033</b>	\$ 5,040,915
Earnings per share		
Before extraordinary item .....	<b>\$ 2.98</b>	\$ .79
After extraordinary item .....	<b>\$ 2.64</b>	\$ .79

The accompanying notes to consolidated financial statements  
are an integral part of this statement.



## Consolidated Statement of Source and Application of Funds

for the years ended December 31, 1973 and 1972

	1973	1972
<b>Source of Funds:</b>		
Net Earnings .....	<b>\$16,964,033</b>	\$ 5,040,915
Add — Expenses not requiring an outlay of funds —		
Depreciation .....	<b>1,967,050</b>	1,707,093
Provision for future taxes .....	<b>—</b>	1,588,227
Write-off exploration costs of J-A Mine capitalized in 1972 (net of taxes) .....	<b>2,192,168</b>	—
Other .....	<b>218,008</b>	54,322
	<b>\$21,341,259</b>	\$ 8,390,557
Proceeds from issue of shares .....	<b>212,405</b>	189,475
Proceeds from sale of investments .....	<b>—</b>	39,454
Proceeds from sale of capital assets .....	<b>243,847</b>	168,693
	<b>\$21,797,511</b>	\$ 8,788,179
<b>Application of Funds:</b>		
Repayment of long term debt .....	<b>\$ 109,361</b>	\$ 8,719
Investments .....	<b>28,298</b>	—
Deferred exploration and development .....	<b>—</b>	3,643,043
Purchase of capital assets .....	<b>936,554</b>	3,055,737
Dividends .....	<b>4,491,168</b>	3,836,728
	<b>\$ 5,565,381</b>	\$10,544,227
Increase (decrease) in working capital .....	<b>\$16,232,130</b>	(\$ 1,756,048)

The accompanying notes to consolidated financial statements are an integral part of this statement.

### Auditors' Report

To the Shareholders,  
BETHLEHEM COPPER CORPORATION LTD.:

We have examined the consolidated balance sheet of BETHLEHEM COPPER CORPORATION LTD. (a British Columbia company) and subsidiaries as of December 31, 1973, and the consolidated statements of earnings, retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Bethlehem Copper Corporation Ltd. and subsidiaries as of December 31, 1973, and the results of their operations and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 8, 1974  
ARTHUR ANDERSEN & CO.  
Chartered Accountants



# Notes to Consolidated Financial Statements

December 31, 1973

## 1. SUMMARY OF ACCOUNTING POLICIES

### Principles of Consolidation

The accounts of Frio Oil Ltd., 50% owned, as well as those of the Company's wholly-owned subsidiaries, Betheire Mines Limited and Highland Valley Smelting & Refining Ltd. are consolidated in these statements. The excess of cost over book value relating to the acquisition of Frio Oil Ltd. has been allocated to petroleum and natural gas rights.

### Currency Conversion

The accounts in U.S. funds, including short-term deposits, were converted into Canadian funds at the rate of exchange applicable at the balance sheet date.

### Exploration and Development Costs

Exploration and development costs are expensed until an orebody is considered to have economic feasibility, at which time all further costs are capitalized to be written off against production from that orebody. Such costs on the J-A Zone incurred in 1972 were capitalized since the decision to proceed to production was considered at the time to be imminent. Because the plan to bring the orebody into production has been indefinitely postponed, the company has written off against 1973 earnings the costs previously capitalized.

### Sale of Concentrates

The company has pre-sold its estimated concentrate production until February 28, 1978. Revenues are recorded in the accounts during the month of production of the concentrates based on the then current published metal prices and the estimated weights and assays. These preliminary revenue calculations are subject to adjustment after the concentrates have arrived at the smelter when final weights, assays and metal price are determined. At December 31, 1973 the concentrate revenues included \$6,088,095 in inventories and shipments in transit, which are subject to the final adjustment referred to above.

### Capital Assets and Depreciation

The buildings, mill equipment and roads are being depreciated on a straight-line basis over their estimated useful life. The mobile equipment is being depreciated on a unit-of-use basis over its estimated productive life.

Petroleum, natural gas, surface and mineral rights are recorded at original cost without amortization.

## 2. INCOME AND MINING TAXES

The Company's appeal against the denial by the Minister of National Revenue of an application for a tax-free period in respect of its Jersey Mine was allowed by both Trial and Appeal Divisions of the Federal Court of Canada. The Minister of National Revenue has appealed these decisions to the Supreme Court of Canada. If the final determination of the matter is fully in favour of the Company, the Company will receive a refund of federal income taxes amounting to approximately \$5,800,000. The tax refunds which the Company received during the year ended February 28, 1971, on a successful appeal of the 1967 and 1968 Provincial mining taxes, also related to the Jersey Mine. Nil assessments were issued subject to reassessment pending the final decision of the appeals for federal income taxes. The Company's legal representatives are of the opinion that the two matters are unrelated.

The Minister of National Revenue has not confirmed the Company's application for a tax-free period on the Huestis Mine. Until this matter

is settled, the Company has provided for, and paid all taxes on profits from the Huestis Mine as well as the Jersey Mine.

## 3. INVESTMENTS

The Company holds the following investments:

Shares in Other Companies	Approximate Ownership	1973	1972
Ionarc Smelters Ltd.	8%	\$ 968,500	\$ 943,500
Valley Copper Mines Ltd. (N.P.L.)	5%	1,046,009	1,046,009
Other Shares		60,927	60,928
		<u>\$2,075,436</u>	<u>\$2,050,437</u>
Employee housing, agree- ments and property		225,503	243,107
Bonds, debentures and Miscellaneous Investments		150,697	150,261
		<u>\$2,451,636</u>	<u>\$2,443,805</u>

## 4. SHARE CAPITAL

The following options to officers and employees to purchase shares of the Company were outstanding as at December 31, 1973:

- 25,500 shares at \$6.25 per share to December 31, 1976.
- 10,000 shares at \$12.50 per share to December 31, 1976.
- 8,900 shares at \$13.05 per share to December 31, 1976.

Options for 22,100 shares were exercised during the year ended December 31, 1973 for a total cash consideration of \$171,155. In addition, 3,000 shares were issued for petroleum properties.

On March 17, 1971, the Company acquired an interest in Frio Oil Ltd. (Frio). Pursuant to the terms of the acquisition the Company has issued 9,000 treasury shares to the vendors following certain exploration expenditures made by Frio. The Company provided \$499,800 to be expended by Frio on oil and gas exploration. Frio has agreed to renounce such expenditures in favour of the Company in accordance with the provisions of the Income Tax Act. The amount of such expenditures so renounced for the year ending December 31, 1973 was \$200,000 and for December 31, 1972 was \$149,465. The Company now owns 50% and has the right to purchase an additional 10% of the outstanding shares of Frio.

## 5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration to directors and senior officers for the year ended December 31, 1973 amounted to \$428,900.

## 6. PENSION AND RETIREMENT COSTS

Total pension and retirement plan costs for 1973 were \$156,300 of which \$98,000 was for the benefit of senior officers. In addition \$407,000 was paid pursuant to actuarial adjustments for the period prior to 1973 of which \$147,000 was for the benefit of senior officers. A final \$80,000 for these adjustments remains to be paid.

## 7. CAPITAL PROJECTS

Expenditures of approximately \$7.3 million are planned in 1974 for the purchase of mining equipment and shop facilities.





## Summary of Operations

Net operating income

Investment income

Depreciation

Exploration

Interest on funded debt

Bond discount and premium

Taxes on income, including future taxes

Net income

Shares issued

Income per share

Dry tons milled

Average tons per calendar day

Average heads — %

Pounds of copper produced

Average price per lb. of copper — U.S. cents

\*Revised to reflect the recovery of prior years' taxes.

\*In 1971 the year end was changed to coincide with the calendar year resulting in the report for that fiscal year covering a 10 month period.



Years Ended							Ten Months Ended*	Years Ended	
February 28, 1965	February 28, 1966	February 28, 1967	February 29, 1968	February 28, 1969	February 28, 1970	February 28, 1971	December 31, 1971	December 31, 1972	December 31, 1973
3,571,857	\$ 3,114,797	\$ 6,933,628	\$10,408,226	\$13,981,796	\$19,364,245	\$12,853,752	\$ 8,302,896	\$ 9,020,264	\$34,564,428
8,441	11,342	163,315	256,657	408,533	941,795	2,989,441	2,037,235	1,967,251	3,214,518
3,580,298	3,126,139	7,096,943	10,664,883	14,390,329	20,306,040	15,843,193	10,340,131	10,987,515	37,778,946
312,773	317,568	483,204	841,605	1,094,468	1,202,409	1,354,326	1,242,980	1,707,093	1,967,050
—	—	134,222	390,760	545,569	1,410,068	949,561	1,609,312	455,635	5,444,877
135,226	30,851	240,273	229,777	20,967	—	—	—	—	—
—	9,167	22,000	31,080	336,744	—	—	—	—	—
—	—	*820,569	*3,393,793	*5,011,576	*7,416,221	6,104,374	3,269,203	3,783,872	13,402,986
447,999	357,586	1,700,268	4,887,015	7,009,324	10,028,698	8,408,261	6,121,495	5,946,600	20,814,913
3,132,299	\$ 2,768,553	\$ 5,396,675	\$ 5,777,868	\$ 7,381,005	\$10,277,342	\$ 7,434,932	\$ 4,218,636	\$ 5,040,915	\$16,964,033
5,201,000	5,211,500	5,222,000	5,261,250	5,346,343	6,360,293	6,367,793	6,381,297	6,397,797	6,422,897
60¢	53¢	*\$1.03	*\$1.10	*\$1.38	*\$1.62	\$1.17	66¢	79¢	\$2.64
1,444,696	2,007,883	3,279,073	4,136,167	5,080,664	5,337,961	5,461,535	4,761,238	5,964,696	6,339,122
3,958	5,501	8,984	11,301	13,920	14,625	14,963	15,560	16,297	17,367
.89	.69	.60	.58	.58	.52	.51	.52	.54	.58
23,730,516	23,118,998	32,255,986	40,143,527	50,499,680	48,609,230	49,134,555	43,432,094	58,244,020	67,086,192
31.81	37.06	48.82	49.15	49.15	64.41	58.35	50.73	48.36	80.00

\*\* Includes exploration costs of the J-A mine capitalized in 1972 of \$3,643,043.

\*\*\* Includes tax adjustment on the J-A mine exploration claimed for tax purposes in 1972.



## Glossary of Selected Geological Terms

### ALTERATION

Any physical or chemical change in a rock or mineral subsequent to its formation. Usually the result of the action of hydrothermal ore solutions or chemically active ground water.

### ANOMALY

A term applied to a departure from the normal or field characteristic, commonly used in geophysical or geochemical prospecting. Thus, in a magnetometer survey, an area showing much higher (or much lower) readings of magnetic intensity than the surrounding area would be identified as an anomaly.

### ASSAY

To test ores or minerals by chemical or other methods for the purpose of determining the amount of valuable metals contained.

### BASE METAL

Name originally derived to designate a metal inferior in value to gold and silver, but now generally applied to copper, lead and zinc, but not to metals such as iron, aluminum, etc.

### BATHOLITH

A large mass of igneous rock extending to great depth and with its upper portion domelike in shape. It has crystallized below surface, but may be exposed due to erosion of the overlying rock. Smaller masses of igneous rocks are known as bosses or plugs.

### BORNITE

A mineral, characterized by a reddish-brown color on fresh fracture, tarnishing to iridescent purple. An important ore of copper.

### BRECCIA

A fragmental type of rock whose components are angular in shape, as distinguished from a conglomerate whose components are water-worn into a rounded shape.

### CHALCOPYRITE

A brassy colored sulphide mineral of copper and iron, being the most common ore of copper.

### CONCENTRATE

The product derived from the crude ore which contains the valuable metal and from which most of the waste material in the ore has been eliminated.

### CONGLOMERATE

A sedimentary rock consisting of rounded, water-worn pebbles or boulders cemented together into a solid mass.

### CU.

Atomic symbol for copper.

### CUT-OFF

The lowest grade of ore which can be profitably mined.

### DRILLING SYSTEMS

1. *Diamond Drilling* — A drilling system which involves rotation of a string of hollow rods on which is fitted a diamond impregnated cutting head and which extracts a core of rock showing the rock formation and metal content of the rock through which the drill has passed.
2. *Percussion Drilling* — A system of drilling in which a pneumatic hammer strikes a series of blows on a string of rotating rods attached to a drill bit which shatters the rock and deepens the hole. Circulation of water removes the drill cuttings which can then be examined to determine the geological formation and assayed to determine the metal content.

### FAULT

A break in the earth's crust caused by forces which have moved the rock on one side with respect to the other; faults may extend for miles, or be only a few inches in length; similarly, the movement or displacement along the fault may vary widely; ore deposits are commonly associated with faults, as the movement frequently provides a channel for the passage of ore-bearing solutions.

### FRACTURE

As the name implies, is a break in the rock. The opening affords the opportunity for entry of mineral bearing solutions. A cross-fracture is a minor break extending at more or less right angles to the direction of the principal fractures.

### HOST ROCK

The rock containing an ore deposit.

### IGNEOUS ROCKS

Rocks formed by the solidification of molten material that originated within the earth.

### INTRUSIVE

A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.

### METAMORPHIC ROCKS

Rocks that have undergone a change in texture or composition subsequent to their first solidification, through such agencies as heat, pressure, etc.

### MILL HEADS

The average grade of ore fed into a mill.

### MO.

Atomic symbol for molybdenum.

### ORE

Usually an aggregate of minerals, more or less mixed with nonvaluable material, from which at least one mineral can be profitably extracted.

### ORE RESERVES

Classified as positive or proven, probable or possible in decreasing degree of statistical confidence. Other terms include: mineable (positive), indicated (probable), inferred (possible), geologic (total of mineralized rock at or above cut-off grade).

### OVERBURDEN

Worthless unconsolidated surface material, such as earth, sand and boulders, covering the rock surface.

### PORPHYRY

Any igneous rock in which relatively large, conspicuous crystals (called phenocrysts) are set in a fine-grained groundmass.

### PORPHYRY COPPER

A large low grade copper deposit consisting of disseminated copper grains and usually associated with porphyry rock masses.

### PYRITE

A hard, heavy, shiny, yellow mineral being a sulphide of iron. It is a common sulphide, sometimes known as "fool's gold", and is often associated with valuable minerals in ore deposits.

### RECOVERY

The percentage of valuable metal in the ore that is recovered by metallurgical treatment.

### STRIPPING RATIO

The ratio of the tons of waste rock which must be removed to make it possible to mine one ton of economic ore.

### TAILINGS

Material rejected from a mill after the recoverable valuable minerals have been extracted.





BORNITE

CHALCOPYRITE

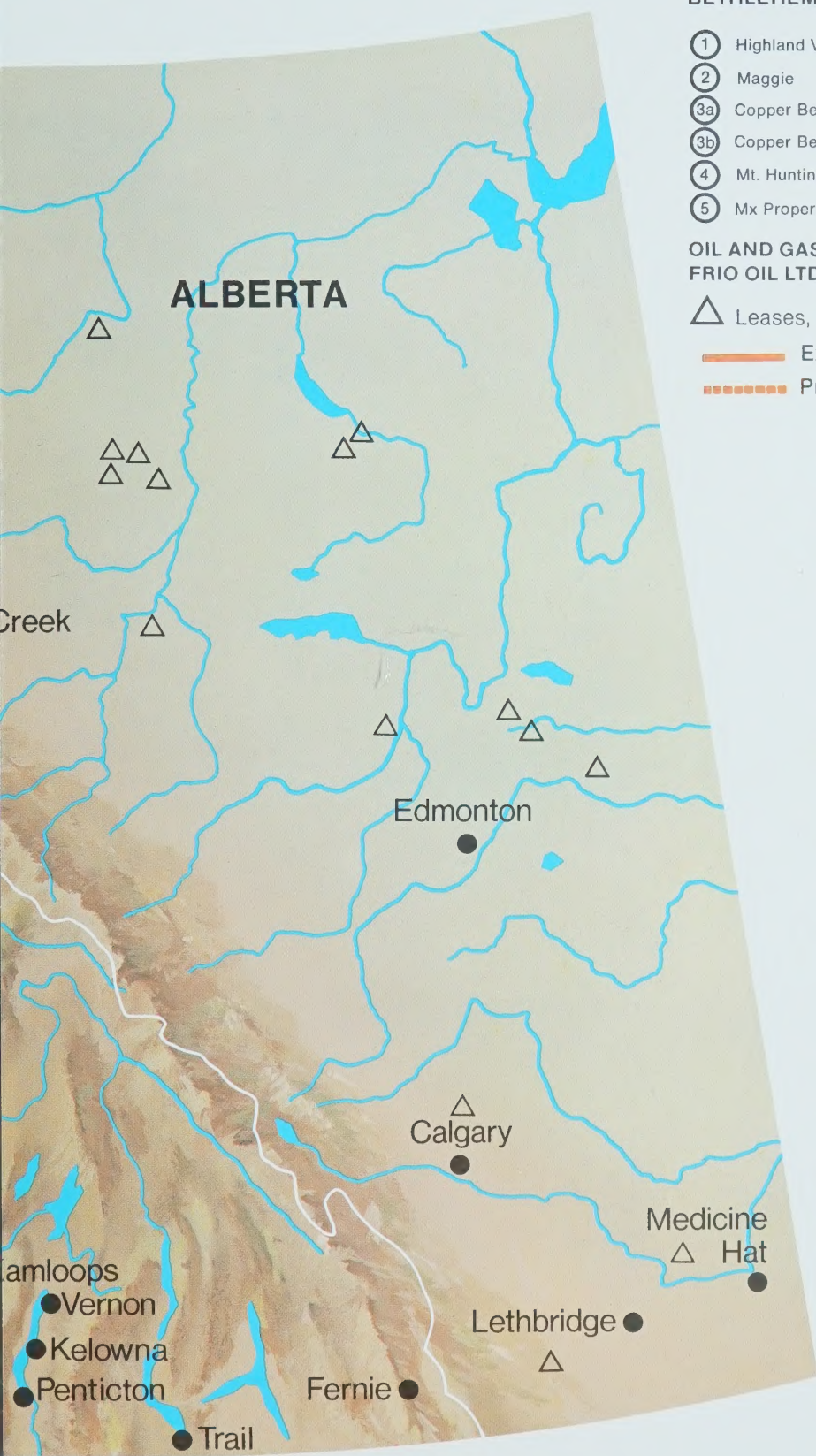
QUARTZ

Ore Sample from the Bethlehem  
Highland Valley Copper Mine.









**MINERAL PROPERTIES**  
**BETHLEHEM COPPER CORPORATION LTD.**

- ① Highland Valley
- ② Maggie
- ③a Copper Belt (South)
- ③b Copper Belt (Smithers)
- ④ Mt. Huntington
- ⑤ Mx Property

**OIL AND GAS PROPERTIES**  
**FRIO OIL LTD.**

- △ Leases, Permits and Reservations
- Existing Pipeline
- - - Proposed Pipeline



